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C O N F I D E N T I A L SECTION 01 OF 03 CHIANG MAI 000182

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SUBJECT: THAKSIN LOYALISTS POISED TO RECAPTURE NORTH

REF: A. A) BANGKOK 5749 (THAI POLITICAL PARTIES: ELECTION PLAYBILL)

[B. B\)](#) CHIANG MAI 177 (SMALLER PARTIES CASH-STRAPPED, TALK OF MERGER)

[C. C\)](#) CHIANG MAI 143 (GOVERNOR'S PROMOTION SENDS INTERESTING SIGNALS ABOUT REFERENDUM, SONTHI TIES)

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CLASSIFIED BY: Michael K. Morrow, Consul General, Chiang Mai,
DoS.
REASON: 1.4 (b), (d)

Summary

[1.](#) (SBU) The pro-Thaksin People's Power Party (PPP) is expected to win 55 to 65 of the 77 constituency seats up for grabs in northern Thailand, observers report. This would be less than the 71 constituent seats swept by the former Prime Minister's Thai Rak Thai (TRT) party in the 2005 election, but slightly better than its 2001 showing. The north, a traditional stronghold for native son Thaksin, strongly supports the PPP due to its clear affiliation with Thaksin, who remains a popular figure here. Northern voters also trust PPP as the successor to a TRT party that made good on its promises to implement populist economic policies that had a visible impact. In contrast, the Thai economy, and notably consumer confidence, have lagged under the government appointed by coup leaders who ousted Thaksin last year. PPP's main rivals in the north will be the Democrat Party and its ally, Chart Thai. Little is expected of the other TRT spin-off parties, which lack strong networks up north and are considered by many northerners to have deserted favorite son Thaksin. While northern PPP leaders are confident, and with good reason, they are nonetheless wary the military government will use a variety of tools to undercut the party and keep it from maximizing its outcome. End Summary.

North is Thaksin Territory

[2.](#) (U) Of the 400 constituency seats in the new parliament to be elected December 23, 77 will come from the 17 provinces of the northern region. In the last two elections, this region was solidly in the hands of former PM Thaksin Shinawatra's Thai Rak Thai party: TRT grabbed 55 of the seats in 2001, and steamrolled to 71 seats in 2005. In this year's election the north will also account for up to 20 of the 80 party-list seats, reflecting two of the eight regional party lists.

[3.](#) (U) Observers here expect the TRT "successor" party, the pro-Thaksin People's Power Party, to win 55 to 65 of the north's 77 constituency seats. This would be less than the 71 seats TRT took in 2005, but slightly better than its 2001 showing. In addition, a recent analysis by "The Nation" daily newspaper pegged PPP to win about half of the north's 20 party-list seats.

PPP = Thaksin = Victory

[4.](#) (C) The PPP's main campaign strategy in the north is to use former PM Thaksin as its selling point. Former Chiang Rai TRT MP Samart Kaewmeechai, who is now the PPP Deputy Spokesman, believes northern voters are still loyal to Thaksin, who hails

from a Chiang Mai suburb. PPP candidates are distributing photographs of Thaksin, and telling people to vote for its candidates if they want the exiled prime minister to return to Thailand and fight corruption allegations against him. Chiang Mai University Political Science Professor Tanet Charoenmuang agrees, telling us the people want Thaksin to come back to Thailand, and have not forgotten that he is "the only one who delivered on his promises." Rachan Wiraphan, head of the rival Democrat Party's Chiang Mai branch, admits this strategy is effective. He told us the PPP's message of "If you want Thaksin to come back to Thailand, vote for us" is succeeding.

PPP Banks on TRT's Track Record

15. (C) Northern voters also trust PPP as the successor to a TRT party that made good on its promises to implement populist economic policies that had a visible impact, particularly among the rural poor. Former TRT MP Samart told us a key PPP selling point would be its proven effectiveness in implementing policies that "solve people's problems." Thus PPP's economic platform is largely a continuation and/or renewal of TRT policies including universal health care, the one-million-baht-per-village Village Development Fund, and loan support for small and medium enterprises at the tambon (district) level. (Comment: many

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economists and media commentators have assailed these programs as debt-generating populist policies, yet numerous political parties have embraced these and similar programs in their campaigning. End Comment).

16. (C) Former Chiang Mai TRT MP Noppakhun Ratphathai, now running under the PPP banner, is also banking on TRT's track record. He told us people at the grassroots level had appreciated "unprecedented" benefits under the Thaksin administration. Thus they will remain loyal to the PPP successor party, especially as they compare PPP's platform to those of competing parties. CMU's Dr. Tanet draws the same conclusion though with a different twist. He told us rural voters do not care about corruption allegations against Thaksin because they believe all politicians are corrupt; what distinguishes TRT/PPP is they give back to the people despite their corruption.

It's the Economy, Stupid

17. (C) Current economic conditions also play into PPP's hands, our sources agree. According to PPP Deputy Spokesman Samart, northerners have suffered economically during the 14 months of the current government's rule, and consumer confidence is down. (Note: consumer confidence in Thailand fell for the 12th straight month in October 2007, according to a recent university survey reported by Reuters). Samart claimed that, under PM Thaksin, people tended to spend 80% of their income and save the rest; but now the ratio is reversed - reflecting consumers' economic anxiety.

Assessing the Competition

18. (C) PPP's main competition in the north will come from the Democrat Party (DP) and its ally, Chart Thai. Observers expect these long-established parties to make some inroads into the overwhelming position TRT held in 2005, but the going will not be easy. DP Chiang Mai head Wiraphan told us of challenges in taking on - and countering - TRT/PPP populist policies. Some of the programs were sound, he said, such as the SME fund that helped people understand the real costs of running a business. Others were popular but unsound, such as the Village Development Fund, which boosted consumerism instead of investment and tripled debt levels among farmers and teachers. The challenge for the Democrat Party is that people have gotten used to these populist policies and do not understand the long-term negative effects.

19. (C) Wiraphan is also concerned about voter perceptions that past TRT governments (2001-2006) were better at policy implementation than past DP-led governments (1997-2001). He admitted Thaksin was more effective than past DP leaders in using the press to promote his government's policies. Chiang Rai Governor Preecha Kamolbutr agrees. He told us that, while the Democrats can make inroads in the north, many voters believe that on the biggest issues - livelihood and income - past DP-led governments had a weaker record than did subsequent TRT-led ones. Wiraphan lamented that most voters tend to overlook the fact that the DP took office when Thailand's economy had bottomed out following the 1997 Asian financial crisis, and

later did a lot to shore it up.

Little Expected of Other TRT Spin-off Parties

¶10. (C) The alphabet soup of other TRT spin-off parties (see Ref A) lack strong networks up north and are considered by many northerners to have deserted native son Thaksin. Many former TRT parliamentarians who had defected or were intending to defect have returned to the PPP fold out of concern their constituents would desert them for the PPP, party Deputy Spokesman Samart reported. The PPP's Nopphakhun agreed, saying many former TRT MPs dared not defect for fear of "punishment" by voters at the polls. (Comment: though we note Chart Thai, currently aligned with the DP and not one of the above-mentioned spin-off parties, recently attracted some high-profile former TRT figures). Nopphakhun pointed out that many of the leaders of the other spin-off parties are among the 111 former TRT executives who were banned from politics for five years after

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the May 2007 dissolution of TRT and, in the eyes of many voters, are betraying Thaksin in the selfish hope of getting back in the military's good graces. The spin-off parties are also experiencing financial difficulties (Ref B).

¶11. (U) The spin-off parties could have some limited success in the competing for the 20 election-list seats up for grabs in the north. Analysis by "The Nation" predicts the four main spin-off parties could, between them, garner up to six of these seats - though with no single party taking more than two seats.

PPP Wary of Manipulation by Authorities

¶12. (C) While northern PPP leaders are confident, they are nonetheless wary the military and current government will use a variety of tools to undercut the party and keep it from maximizing its outcome. Former MP Nopphakhun is unhappy that 2006 coup leader and former Council for National Security (CNS) Chairman General Sonthi Boonyaratglin has a degree of oversight of the upcoming elections in his new position as Deputy Prime Minister. Sonthi has clearly been hostile to TRT and PPP all along, Nopphakhun said, and will make things hard for PPP campaigners. Party Deputy Spokesman Samart is more sanguine, focusing instead on new Army Commander and CNS Chairman Anupong Paojinda, under whose leadership army officers will be more professional and less political, PPP believes. CMU's Dr. Tanet - not affiliated with PPP - has a similar view of Anupong as a professional military servant.

¶13. (C) One tool at the government's disposal is the Interior Ministry's Provincial Administration Department (PAD), which has an important administrative role in the supervision of elections. Samart sees the PAD as a channel for the government to influence and/or control votes via its network of tambon (district) and village heads. Nor is it lost on PPP that the newly appointed PAD Director General has strong past connections to Deputy PM Sonthi (Ref C). Samart added, however, that tambon and village heads no longer have as central a role in elections as in the past, due to the rise of grassroots volunteer organizations.

¶14. (C) PPP's biggest concern is that the National Election Commission (ECT) will unfairly penalize it for minor campaign transgressions. Samart worried the new election laws are open to interpretation and manipulation, and could be used by authorities to disqualify PPP candidates and otherwise constrain PPP campaigning. Similarly, Nopphakhun expressed concern the government can manipulate the judiciary to decide the fate of individual candidates. CMU's Dr. Tanet also expects the government to have the ECT and other authorities curb or find fault with PPP campaign activities.

Comment

¶15. (C) Northern PPP leaders have good reason to be confident of capturing at least as many seats as TRT did in 2001. Voter loyalty to native son Thaksin, public satisfaction with the Thaksin government's populist policies, and displeasure with the sluggishness of the current coup-installed administration should combine to keep the north firmly in the hands of Thaksin loyalists. Moreover, many observers point to the August 19 constitutional referendum as a successful test of strength for the Thaksin camp in the north. The 17 provinces of the northern region passed the CNS-backed draft by a relatively narrow margin (51.4% compared to a nation-wide approval rate of 56.6%), and seven of the eight provinces comprising the so-called "Upper

North" rejected the draft outright. The real challenge in the north for the PPP will be to work within the confines of an unfriendly administrative/regulatory environment - historically not a strongpoint for the free-wheeling, free-spending Thaksin camp - and prevent the competition from holding PPP's victory margin down to the lower end of its projected seat total.

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